



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

FOR IMMEDIATE RELEASE  
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## **Peoples Bank of East Tennessee, Madisonville, Tennessee, Assumes All of the Deposits of Appalachian Community Bank, F.S.B., McCaysville, Georgia**

Appalachian Community Bank, F.S.B., McCaysville, Georgia, was closed today by The Office of Thrift Supervision, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Peoples Bank of East Tennessee, Madisonville, Tennessee, to assume all of the deposits of Appalachian Community Bank, F.S.B., except for brokered deposits and certain out-of-state certificates of deposit (CD).

The three branches of Appalachian Community Bank, F.S.B. will reopen during normal business hours beginning Saturday as branches of Peoples Bank of East Tennessee. Depositors of Appalachian Community Bank, F.S.B. will automatically become depositors of Peoples Bank of East Tennessee. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship in order to retain their deposit insurance coverage up to applicable limits. Customers of Appalachian Community Bank, F.S.B. should continue to use their existing branch until they receive notice from Peoples Bank of East Tennessee that it has completed systems changes to allow other Peoples Bank of East Tennessee branches to process their accounts as well.

This evening and over the weekend, depositors of Appalachian Community Bank, F.S.B. can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of September 30, 2010, Appalachian Community Bank, F.S.B. had approximately \$68.2 million in total assets and \$76.4 million in total deposits. Peoples Bank of East



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-273-2010

Tennessee did not pay the FDIC a premium for the deposits of Appalachian Community Bank, F.S.B. In addition to assuming all of the deposits of the failed bank, Peoples Bank of East Tennessee agreed to purchase approximately \$67.5 million of the failed bank's assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and Peoples Bank of East Tennessee entered into a loss-share transaction on \$46.4 million of Appalachian Community Bank, F.S.B.'s assets. Peoples Bank of East Tennessee will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: <http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-350-2746. The phone number will be operational this evening until 9:00 p.m., Eastern Standard Time (EST); on Saturday from 9:00 a.m. to 6:00 p.m., EST; on Sunday from noon to 6:00 p.m., EST; and thereafter from 8:00 a.m. to 8:00 p.m., EST. Interested parties also can visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/appalachianga.html>.

On Monday morning, the FDIC will mail checks to those customers with out-of-state CDs, as long as the funds were not used as collateral for a loan. Customers with brokered deposits should contact their broker directly to obtain information on the status of their funds.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$26.0 million. Compared to other alternatives, Peoples Bank of East Tennessee's acquisition was the least costly resolution for the FDIC's DIF. Appalachian Community Bank, F.S.B. is the 154th FDIC-insured institution to fail in the nation this year, and the 20th in Georgia. The last FDIC-insured institution closed in the state was Chestatee State Bank, Dawsonville, earlier today.

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